

**PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF INTEGRATED RESOURCE)
PLANNING FOR THE PROVISION OF STANDARD)
OFFER SUPPLY SERVICE BY DELMARVA POWER)
& LIGHT COMPANY UNDER 36 DEL. C. § 1007 (c)) PSC DOCKET NO. 07-20
& (d): REVIEW OF INITIAL RESOURCE PLAN)
SUBMITTED DECEMBER 1, 2006)
(OPENED JANUARY 23, 2007))

**DELMARVA POWER & LIGHT COMPANY'S RESPONSE TO THE
COMMENTS OF COMMISSION STAFF, DIVISION OF PUBLIC ADVOCATE,
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL
CONTROL AND JEREMY FIRESTONE WITH RESPECT TO DELMARVA'S
INTEGRATED RESOURCE PLAN**

Background

On November 3, 2008, Delmarva filed the Third Update to the IRP¹. This update incorporated, as part of the planned energy procurement portfolio, the off shore and land based wind contracts under the terms approved by the Commission on September 2, 2008 and October 7, 2008, respectively.

On April 2, 2009, the Commission Staff (“Staff”) submitted a “Review of Delmarva Power & Light Company’s Integrated Resource Plan”² (“Review”). In this Review, Staff assessed the merits of Delmarva’s IRP and provided over 20 recommendations. In particular, Staff recommended conditional acceptance of the IRP, subject to Delmarva’s acceptance of Staff’s requirements as provided in its Review.

¹ Delmarva Power and Light Company's Third Update to Its Integrated Resource Plan , November 5, 2008

² Review of Delmarva Power & Light Company's Integrated Resource Plan, A report on behalf of the Staff of the Public Service Commission prepared by Synapse energy Economics, April 2, 2009

On May 14, 2009 the Delaware Division of the Public Advocate (“DPA”) submitted an “Evaluation of Delmarva Power & Light Company Integrated Resource Plan”³. DPA also provided a number of recommendations for the IRP.

Also on May 14, 2009, the Department of Natural Resources and Environmental Control (DNREC) submitted comments.⁴ Although DNREC stated that it believes that most of the findings and recommendations of the Staff report are reasonable, DNREC asserted that the Company’s IRP is deficient. DNREC further requested that the Commission decline any request to approve the Company’s IRP.

On May 13, Jeremy Firestone, representing himself, submitted comments.⁵ Dr Firestone alleges certain deficiencies in Delmarva’s IRP and in Staff’s Review thereof.

Summary of the Company’s Response to the Staff Report and the Comments of the other Parties

The IRP was first filed in 2006. Since that time, Delmarva, Staff and the other parties in this case have been evaluating the Company’s plans for future energy procurement within both the on-going IRP and recently completed RFP Dockets. During this time much progress has been made. Power purchase agreements for four separate wind farms have been executed by Delmarva and approved by the Commission. Delmarva’s Blueprint for the Future docket was concluded, through which the Commission approved the development of decoupled rates, development of demand response programs, and deployment by Delmarva of advanced meters, pursuant to

³ Evaluation of Delmarva Power & Light Company Integrated Resource Plan PSC Docket 07-20 prepared by GDS Associates, Inc. May 14, 2009

⁴ Comments of the Department of Natural Resources and Environmental Control on Delmarva Power & Light company’s Integrated Resource Plan May 14, 2009

⁵ Jeremy Firestone’s Comments on Delmarva’s Draft IRP and the PSC Staff Report on the Same May 13, 2009.

Delmarva's advanced metering infrastructure ("AMI") proposal. AMI technology is the "backbone" of the smart grid and will enable the implementation of numerous conservation programs, demand response programs, enhanced development of customer sited generation, enhanced customer service, and many other benefits. As of the date this document was filed, Delmarva had already installed approximately 7,500 advanced meters.⁶ Other positive developments that have taken place since the original 2006 IRP filing date are the establishment of the Sustainable Energy Utility ("SEU") and the doubling of the Renewable Portfolio Standards ("RPS") for Delmarva's SOS customers.⁷

All of these positive events occurred after the original 2006 filing of the IRP and updates to the IRP have been filed to reflect these changes. While these significant changes have resulted in positive movement towards a reduction in fossil fuel emissions, they have also created a classic "moving target" that has made development of an IRP that reflects the current legal and regulatory requirements very challenging.

Delmarva believes that, with a few exceptions noted below, most of the recommendations to improve the IRP as offered by the parties in their submittals have merit. In fact, Delmarva has already begun to implement some of these recommendations and related activities (such as aggressively pursuing federal stimulus funding for AMI and Smart Grid applications) and can incorporate many of the

⁶ Although all of Delmarva's affiliated utilities filed for the establishment of AMI in the five jurisdictions in which they provide service, the Delaware Public Service Commission was the first to approve the establishment of AMI. Due to this leadership by the Delaware Commission, Delaware will be the first such jurisdiction in which AMI will be developed, making Delaware a leader in the development of a smart grid.

⁷ The RPS standard, which applies only to Delmarva's SOS customers, was increased from 10% to 20% for compliance in 2019. By entering into PPA's with Bluewater Wind and three land-based wind providers, through which Delmarva will be buying not only RECs, but also all of the energy, Delmarva has contracts in place to meet its non-solar RPS requirements for approximately the next 15 years and has made possible the construction of four new wind farms.

recommendations into the development of the next IRP. To facilitate an understanding of the Company's position on the recommendations provided by the parties, the Company's response to each recommendation is provided in Table 1. For ease of exposition, Table 1 arranges the recommendations by party and issue in tabular format.

In particular, Delmarva would like to note its agreement with the following recommendations suggested by other parties in this case. For the next IRP:

1. Delmarva agrees to prepare its own Mw Load Forecast using in-house resources,
2. Delmarva agrees to evaluate a planning scenario including wind purchases above the currently mandated RPS standards,
3. Delmarva agrees to examine additional scenarios representing the potential implementation of various carbon regimes,
4. Delmarva agrees to examine the expected impact on emissions affecting air quality of different resource plans as appropriate.

Delmarva also expects that for the next IRP, rules and regulations will be in effect providing substantial guidance on the informational content and output of the IRP, particularly in the area of environmental costs and benefits/externalities. In order to meet the requirements of the new rules and regulations,⁸ the Company respectfully notes that it will need to begin the preparation and analysis for the next IRP well in advance of the December 1, 2010 filing requirement.

A number of the recommendations provided by Staff and DPA concerned the need for further evaluation and information gathering regarding new gas-fired generation resources to provide service for Delmarva's customers. While Delmarva's filing does not

⁸ The new IRP rules and regulations specify a number of scenario, sensitivity, risk, environmental and life cycle analyses as well as the preparation of detailed implementation work plans and contingency plans.

reach the same conclusions regarding the need for new gas-fired generation, Delmarva is willing to undertake a natural gas generation siting study prior to the next IRP, provided agreement on the scope and an understanding of the potential cost of a generation siting study and the recovery of those costs is reached with Staff and DPA and moving forward with the study is recommended by the Commission.

Delmarva's Response to Specific Recommendations and Allegations

While Delmarva is encouraged by the constructive nature of many of the recommendations provided by the parties and, in general, believes that there is strong agreement among most of the parties regarding most of the key issues, there are several recommendations and allegations to which Delmarva takes exception. Several of these are discussed in more detail below. To facilitate understanding of Delmarva's response to the remaining claims and allegations of the other parties, the Company has organized its responsive comments in tabular format in Table 2.

The three specific areas on which the Company would like to respond in detail include: 1) the consideration of environmental benefits/externalities within the present IRP, 2) the role of the Company in implementing energy efficiency programs *vis a vis* the SEU, and, 3) the need for a study of additional wind resources in the current IRP.

1. Delmarva considered environmental benefits/externalities within the current IRP and will provide additional evaluations in the next IRP, consistent with the IRP Rules currently being developed in Docket 60.

The evaluation of environmental benefits and environmental costs (collectively "externalities") is a complex subject from an analytical, legal and practical point of view. This complexity mainly arises from the difficulties of measurement, valuation, and assignment of property rights. Public policy in the energy field has sought to account for externalities by imposing charges for air emissions (e.g., SO₂, NO_x and expected Carbon) or imposing other restrictions or standards. For example, Delmarva's procurement plan for RSCI SOS customers is required, by Delaware Law, to make increasing purchases of

renewable resources over time consistent with the Renewable Energy Portfolio Standards (RPS).⁹

While the Delaware General Assembly may or may not have obtained detailed quantitative estimates of externalities, compiled an extensive listing of all potential external costs associated with power generation, evaluated life cycle analyses or relied upon sophisticated energy generation planning models incorporating the effects of externalities, it nevertheless explicitly described the external environmental and public health benefits of renewable resources in passing the RPS legislation. The Renewable Energy Portfolio Standards Act states:

“The General Assembly finds and declares that the benefits of electricity from renewable resources accrue to the public at large....These benefits include (among other items) improved regional and local air quality, (and) improved public health,...”¹⁰

By setting percentage renewable energy standards, the General Assembly made a policy decision that the benefits of increasing renewable energy (including the externalities of “local air quality” and “public health”) outweighed the additional cost of these resources up to the level of the standards. After initial passage of the RPS legislation, the General Assembly reevaluated the value of renewable resources, then doubled the standards and simultaneously created a carve-out for solar resources. This is the level of renewable resources Delaware has prescribed, including consideration of externalities (such as air quality and public health) that, as a matter of policy and law, are necessary and appropriate for the Company to achieve, even though renewable resources may cost more on a pure dollar per dollar comparison.

⁹ 26 Del. C. §351 *et seq.*

¹⁰ 26 Del. C. §351(b).

Consequently, Delmarva's IRP includes the Delaware mandated level of renewable resources. Complying with the RPS also allows Delmarva to have a reasonable expectation of cost recovery for costs incurred in meeting the RPS standards for inclusion in customer rates. Delmarva is not aware of any Commission decision allowing for the recovery in customer rates of external environmental costs or benefits (some of which may be intangible, difficult to measure or otherwise not cost-effective) other than those that have been specifically mandated by State or Federal authorities.

Delmarva and others, including DNREC, concurrent with this proceeding, have been working on a set of rules and regulations that will govern the preparation of the next IRP.¹¹ In those proceedings DNREC noted:

“There has been a greater focus on externalities/external costs *since the December 2, 2008 PSC meeting*”¹² (*emphasis added*). The Company filed its IRP *on Nov 3, 2008*.

DNREC further provided in its comments in the separate Rules proceeding:

“..[it] is admittedly late in the [IRP] process to be building the type of information and data to comprehensively consider these externalities....but it is precisely the right time to be building into the IRP regulations the provisions to ensure these externalities are considered *in the next IRP*. As the principal regulator of the environment in Delaware, we believe very strongly that *any future IRP* must appropriately value the environmental effects of the resources mix employed by the Company.”¹³ (*Emphasis added*).

Despite its statement that it is late in the process of the IRP proceeding to be requiring a more comprehensive consideration of environmental externalities in the current IRP proceeding, DNREC recommends Commission denial of the current IRP, due

¹¹ The proposed rules and regulations (Docket 60) are set to be heard in an evidentiary proceeding before Hearing Examiner Lawrence on July 23, 2009.

¹² DNREC “Comments on Proposed Integrated Resource Planning Regulation” Docket-60, May 6, 2009 p

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¹³ *Id.* at p 7.

in large part, to an alleged failure to properly consider environmental externalities. On the other hand, in the separate IRP Rules proceeding (Docket 60), DNREC notes that the focus on externalities began *after* the current IRP was filed and further contends that such analysis should be conducted *in the next IRP*. Delmarva's current IRP cannot be deemed "deficient" by applying standards and issues that were not established prior to the Company's submission of the IRP on November 3, 2008 (and, in fact, have still not been established).

In any event, Delmarva will prepare the next IRP under the rules and regulations that are expected to be promulgated very soon through Docket 60. Despite its disagreement with some of DNREC's IRP comments, Delmarva recognizes DNREC's constructive input into the development of the proposed IRP Rules, particularly in the area of environmental costs and benefits/externalities. In the next IRP, among other analyses, Delmarva can provide an evaluation of a Reference Case with externalities considered and compare these results with a scenario under which additional supply side externalities are included. The Commission and the other parties would then be in a better position to comparatively evaluate the effect on customer supply rates, system reliability and environmental costs and benefits. Delmarva respectfully submits that this provides a better and more appropriate solution at less customer expense than by changing the requirements, retroactively, near the end of the current IRP process. Alleging *ex post facto* noncompliance on the part of the Delmarva, and forcing an unnecessary and costly externality update to the current IRP, particularly when the next IRP will be submitted under the new rules and regulations, would not be reasonable.

Finally, after DNREC's May 2009 filing in this docket, the parties were all invited by DNREC and Delmarva to participate in negotiations concerning the separate (yet related) IRP Rules.¹⁴ Delmarva and DNREC, through a series of informal meetings, have worked diligently to reach agreement on IRP Rules covering the issue of how consideration of externalities will be included in future IRPs. After thorough consideration of DNREC's concerns with respect to additional consideration of externality costs in future IRPs, Delmarva and DNREC have reached consensus with respect to how Delmarva will incorporate externalities into future IRPs and the language of proposed rules that will formalize those agreements. While Delmarva will not attempt to speak for DNREC or any other party, Delmarva believes that the issue of how externalities are to be considered in future Delmarva IRPs may soon be resolved such that the concerns previously raised by DNREC in this docket may no longer apply.

2. The State has legislatively-imposed the responsibility and funding authority for implementing energy efficiency and distributed generation resources with the SEU and it is not in the public interest for Delmarva to provide duplicative analyses and services.

Delmarva supports the implementation of cost-effective energy efficiency measures and customer-sited, distributed resources that benefit its customers. In early 2007, before the creation of the SEU, Delmarva filed the Blueprint for the Future (the "Blueprint") with the Commission. Among other items, the Blueprint application included a request to implement numerous DSM programs, including both energy

¹⁴ Staff, DPA and at least one intervenor, Jeremy Firestone, participated in one or more of these informal negotiation meetings. Eventually, these participants excused themselves from the sessions, leaving Delmarva and DNREC to work together in an effort to reach a mutually-agreeable set of proposed Rules on the issue of externalities.

efficiency (EE) and Demand Response (DR) programs. When the Delaware Sustainable Energy Utility (SEU) was created by the 144th General Assembly, however, the responsibility and funding for implementing EE and customer-sited, distributed resources was assigned to the SEU. As stated by the General Assembly:

“This Act creates the “Sustainable Energy Utility” (“SEU”). The SEU program through the Contractor Administrator shall design and deliver comprehensive end-user energy efficiency and customer-sited renewable energy services to Delaware’s households and businesses. The SEU shall be unaffiliated with any of the State’s electric or gas utilities....”¹⁵

After creation of the SEU, Delmarva retained responsibility for DR programs. Unless specifically directed by the Commission and General Assembly, Delmarva does not believe it should evaluate EE and customer-sited generation programs at customer expense. Under State authority, customers are already funding such activities through the SEU and any duplicative efforts by Delmarva would result in Delmarva’s customers being charged twice for similar work. In fact, the Commission, through Order No. 7420, specifically determined that Delmarva should not presently engage in the development of EE and customer-sited generation programs but, rather:

The Commission may consider whether Delmarva should engage in any efficiency/conservation programs, to the extent such programs will not conflict with or be unnecessarily duplicative of SEU programs in the context of [Delmarva’s] next base rate case filing...¹⁶

Since the creation of the SEU, Delmarva has supported the SEU in pursuit of its legislated objectives. Delmarva will continue to do so. Delmarva also agrees with the comments of several parties that it should continue to collaborate as much as possible

¹⁵ 29 Del. C. §8059 (c)(1)

¹⁶ Order No. 7420 at P 6.

with the SEU to deliver cost-effective energy efficiency measures to the Company's customers. The Staff Report notes that there is the potential for losing opportunities for implementing cost effective energy efficiency resources in the division of responsibility between Delmarva and the SEU¹⁷. Delmarva understands Staff's concern in this regard. Delmarva is confident in the abilities of the SEU, however, and unless otherwise directed by the Commission and General Assembly, Delmarva should not be held accountable within the IRP for activities that have been legislatively delegated to the SEU. This does not diminish in any way the Company's commitment to collaborate with the SEU in helping to achieve its dual objectives of implementing cost-effective energy efficiency measures and customer-sited renewable energy. Delmarva continues to strongly support these initiatives. Delmarva has been working with the SEU on these initiatives and will continue to do so.

3. Analysis of additional wind resources should be undertaken as part of the next IRP.

The implication contained in the comments of Jeremy Firestone, that the current IRP is deficient because it does not include analyses of "all" supply options (in particular additional wind resources), ignores the history of the IRP process. EURCSA required Delmarva, *as part of the IRP process*, to issue an RFP for new generation resources to be constructed within Delaware for the purpose of serving its customers taking Standard Offer Service.¹⁸ The RFP process, which began in 2006, culminated in a Power Purchase Agreement (PPA) between Delmarva and Bluewater Wind that was approved by the Commission in Order No 7440, and issued 9/02/08. In addition, Commission Order No

¹⁷ Staff Report, op. cit., pp29

¹⁸ 26 Del. C. §1007 (d)

7462, issued 10/23/08, approved three land based wind PPA's. The Company incorporated this relevant planning information into the analysis and procurement plan submitted in the November 3, 2008 IRP filing.

The well-documented RFP process thoroughly vetted the terms of the PPA between Delmarva and Bluewater Wind. This process included considerable discussion and analysis around the MW size of both the Bluewater contract and the three land-based wind contracts, which were finalized and approved by Commission Order dated October 23, 2008, only a few days before this latest update to the relevant IRP was filed. It would be duplicative and wasteful for Delmarva to conduct further analysis, at this time, at customer expense, for additional quantities of off-shore or land based wind resources. At the time of the filing of the current IRP update in November 2008, the Commission had approved contracts *with Bluewater Wind less than two months earlier and, for the land based wind contracts, less than one month earlier*. Having recently completed the process to obtain substantial wind resources in the Company's energy procurement portfolio, Delmarva believes the appropriate time to review the need for additional resources in the portfolio would be in the next IRP and agrees with the recommendation proposed in Staff's Report in this regard.¹⁹

Such an analysis would be consistent with the planning cycle specified by EURCSA and non-duplicative with recently reviewed analyzes. It would also have several advantages. First, the analysis would be performed under the governance of the new IRP rules and regulations. Second, after January 1, 2010 when the first of the approved land based wind resources is scheduled to become commercially available, Delmarva should have the benefit of actual experience with the performance of operating

¹⁹Staff Report, p50

land based wind resources. Third, there should be less uncertainty regarding the expected range of future carbon regimes.

Delmarva's Response to other Recommendations and Allegations

In the Tables below Delmarva responds to specific recommendations (Table 1) and allegations (Table 2) from the Staff, DPA and other intervening parties who commented on the November 2008 IRP filing. These Tables are organized first by party and then by a common set of issues.

Table 1 – DPL’s Replies to Staff and Intervener Recommendations

<u>Issue</u>	<u>Reviewer/Recommendation</u>	<u>DPL Response</u>
	Commission Staff²⁰	<p>Only Conditional Acceptance of the IRP should be granted by the Commission; Acceptance should be conditioned on Staff’s recommendations</p> <p>A. Conditional acceptance of the IRP should be subject to the following conditions precedent:</p> <p>Commission Acceptance</p> <ol style="list-style-type: none"> 1. Filing and acceptance (with opportunity for review and comment) of a work plan to implement Staff’s recommendations. (10a i) 2. Filing and acceptance (with opportunity for review and comment) of mutually agreed upon ground rules for the PWG <p>While the Company’s position is that the IRP as filed fulfills the requirements of EURCSA, it agrees with many of Staff’s recommendations as set forth in this document below.</p>

²⁰ References are to Staff’s Review of DPL’s IRP filed April 2, 2009 Section 7 – Summary of Recommendations – pgs. 48 – 51

	<p>including full and timely access to all relevant information and modeling support(10a ii)</p> <p>3. If DPL contends relevant information to comply with Staff's recommendations is confidential, it shall timely file support for such a claim and file a proposed confidentiality agreement to minimize feasible burdens on PWG participants</p> <p>B. Any Commission approval of the IRP should be subject to the following conditions subsequent:</p> <ol style="list-style-type: none"> 1. Quarterly reporting on progress implementing requirements and any approved work plans (10b i) 2. Quarterly reporting on activities and decisions of PWG(10b ii) 3. Filing within 120 days of approval of three year schedule of anticipated resource procurements, program rollouts and activities leading to next IRP) (10b iii) 	<p>and timely access to relevant non-confidential or non-proprietary information.</p> <p>3. DPL agrees with Staff's recommendation regarding confidential information relevant to the PWG.</p> <p>1. DPL agrees to provide quarterly reports on progress implementing requirements and work plans as approved by the Commission.</p> <p>2. If the Commission accepts Staff's recommendation to establish a PWG, DPL agrees to prepare quarterly reports on activities and decisions of the PWG.</p> <p>3. By August 1 2009, DPL will file, under separate application a portfolio procurement plan that will propose to begin providing a portion of RSCI SOS customer requirements beginning in 2011. If the Commission accepts Staff's recommendation to establish a PWG, the Company will work with the PWG to provide appropriate information on the details of resource procurements on a timely basis.</p>
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	<p>Regarding program rollouts and activities leading to the next IRP, DPL agrees to prepare and file work plans to implement Commission approved recommendations related to the IRP. Such work plans will allow relevant stakeholders opportunity for review and comment.</p> <p>4. Filing updating above schedule annually and within 21 days of any change thereto. (10b iv)</p>	<p>4. DPL agrees to file information related to changes in the above schedule but is of the opinion that filing within 21 days of every change is excessive and has the potential to burden the Commission, Commission Staff, DPA and DPL with many filings. DPL recommends a quarterly reporting of changes to relevant work plans.</p>	<p>1. DPL agrees with Staff's recommendation. By August 1, 2009, DPL will file a portfolio procurement plan to begin in 2011 if the Commission decides to proceed. The plan could provide the basis for collaborative discussions with a PWG.</p> <p>2. By August 1, 2009, DPL will file a portfolio procurement plan. The filing will include a plan for assessing portfolio performance that includes the volatility of customer price changes. Again, this could serve as the basis for collaborative discussion with a PWG.</p> <p>3. By August 1, 2009, DPL will file a portfolio procurement plan to begin in 2011 if the Commission decides to proceed. The filing will include plans for acquiring portfolio assets and could also serve as the basis for further discussions with a PWG.</p>	
		<p>1. Create a disciplined PWG process and develop guidelines for the managed portfolio approach. (3a)</p> <p>2. Develop specific target portfolio price and volatility metrics based on market fundamentals and risk analysis. (3b)</p> <p>3. Develop detailed plan for RFP, auction and/or other procurement supply acquisition methods based on targets (3c)</p>		Procurement Process/Managed

Portfolio	<p>4. Pursuant to PWG guidelines develop or procure portfolio quantitative tools, and recruit in-house or contracted staff with power market and related risk analysis expertise (4a).</p> <p>5. Conduct additional analysis or “market tests” of costs and portfolio price effects of longer-term (i.e. 5, 15, 20 year) procurement options to include in the managed portfolio. (4c)</p> <p>6. Pursuant to PWG guidelines, analyze and examine expected portfolio price outcomes of under varying assumptions for the level of use of one year or three year contracts to meet RSCI, MGS, LGS and GS-P SOS load. (4d)</p> <p>7. Develop a specific MP procurement plan based on PWG targets (4e)</p>	<p>4. DPL will obtain the resources necessary to effectively implement the portfolio, consistent with the need for such tools and personnel, and consistent with the approvals received from the Commission for timely cost recovery. Because the recommended portfolio plan is for a phased-in approach, the tools and resources will be obtained in a commensurate manner. DPL will establish specific risk control procedures as directed by the Commission.</p> <p>5. DPL agrees to explore the need for additional long-term resources with a PWG if the Commission accepts Staff’s recommendation. Based on the outcome of a PWG examination, DPL could file a separate application with the Commission for approval of a market test as appropriate.</p> <p>6. By August 1 2009, DPL will file a portfolio procurement plan that will propose to begin providing a portion of RSCI SOS customer requirements beginning in 2011. The plan will provide for a phased-in approach to meet a portion of RSCI load over several years. The contract lengths in the plan are appropriate to the phased-in approach, and will eventually be up to three years in length. The proposed portfolio procurement plan will not, at first, include MGS, LGS and GSP SOS loads. The current annual procurement process for these larger customers is appropriate at this time under retail choice. DPL could discuss this in more detail with a PWG if desired.</p> <p>7. By August 1, 2009, DPL will file a portfolio procurement plan for Commission approval.</p>
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		<ol style="list-style-type: none"> 1. DPL agrees to update the load forecast to account for the current economic environment. The Company has already revised its spreadsheets to reflect PJM's 2009 Load Report. However, PJM does not incorporate estimates of future EE into the Load Report. DPL is working with the SEU to obtain an update of future expected EE reductions. 2. DPL is working with the SEU to assist in its development of a detailed EE program 3. DPL has been and plans to continue to be actively engaged with the SEU in its efforts to develop and implement EE programs. 4. DPL agrees and the Company is working with the State, the SEU and others to coordinate submittal to DOE for federal stimulus funds. 5. DPL proposed a dispatchable DLC program in the Blueprint for the Future. DPL is working with Staff to develop the implementation plan for the dispatchable DLC program (including marketing and equipment installation efforts). 6. DPL agrees. The implementation plan for the dispatchable DLC program will include program design features to allow participation in PJM programs.
	Energy Efficiency (EE)/ Demand Response (DR)	<ol style="list-style-type: none"> 1. Update load and EE forecast to account for current economic downturn and to inform specific supply procurement needs. (4b) 2. Develop or support development of detailed EE program plan in coordination and/or advisement with the SEU (2a) 3. As or if necessary, backstop SEU efforts to ensure EE programs availability to consumers to procure cost effective EE resources (2b) 4. Maximize use of federal stimulus funds for EE especially with regard to lost opportunities (2c) 5. Develop and maintain capacity to aggressively market and install dispatchable DLC for RSCI facilities for AC and water heating end-uses. (7a) 6. Ensure participation of DLC programs in PJM programs as appropriate to reduce costs to SOS load. (7b)

		<p>1. DPL agrees to update relevant cost data on renewable technologies as part of the development of the next IRP. DPL also agrees to update the cap and trade or other carbon prices and assess the impact on all-in costs of fossil generation and compare this with renewable resources. DPL notes the US Congress is currently considering carbon pricing policy and its schedule is to have legislation approved during the third quarter of 2009.</p> <p>2. DPL agrees to perform and provide an economic analysis of additional on and off shore wind resources within the next IRP to be filed on or before December 2010.</p> <p>3. DPL agrees to consider sponsored solar electric projects and solar purchases. DPL is currently assessing the potential for development of a utility-scale solar project within Delaware. DPL will make this information public as appropriate and seek Commission approval as the terms of the arrangement are finalized.</p>	<p>1. DPL agrees to perform such a study as long as agreement on the scope and an understanding of the potential cost is reached with Staff and DPA and moving forward with the study is recommended by the Commission. Because of the high level of detail and expertise required for completing these analyses, Delmarva recommends that such a study be conducted as an individual docket. If the Commission accepts Staff's recommendation, DPL agrees to submit to Staff and DPA, within</p>
	Renewables	<p>1. Update cost/performance data on current and expected renewable technologies and distributed generation/CHP. Update cap and trade carbon price effects based on current pending legislation and assess impact on the all-in cost of power from fossil resources. Compare to the cost of renewable based power. (6a)</p> <p>2. Compare economics of additional on- and offshore wind in the portfolio. (6b)</p> <p>3. Examine in detail utility owned or utility financed solar programs such as peak shaving programs (6c)</p>	<p>1. Determine a specific cost estimate for a new combined cycle gas generation facility, including detailed financial analysis of capital and financing costs. Analyze all ownership/contracting options for combined cycle technology. Do not limit the size of alternatives to 100 MW; in particular estimate which sizes provide</p>

<p>greatest economies of scale. (5a)</p> <p>2. In concert with 5A conduct two detailed cost and siting analyses of a CCGT located in 1.) northern and 2.) southern DE. Include an assessment of the costs of natural gas infrastructure required. (5b)</p>	<p>6 months of a final order closing this IRP Docket, a proposal for conducting a study, including cost-recovery of such a study</p> <p>2. DPL agrees, subject to Commission approval of Staff's recommendation, to submit a specific plan to conduct these analyses as part of the study examining the cost of a new combined cycle gas turbine generation facility.</p> <p>3. Obtain cost estimates for a long term contract (e.g., 5, 15, 20 years) with an existing CCGT resource. Examine the effects of longer or shorter terms and the effects of different contract sizes. (5c)</p> <p>4. As relates to items 1-3 above, analyze "capacity risk" effects to the portfolio as applied over the entire planning period or over the full period of potential contract or equipment life. (5d)</p> <p>5. Use results of additional portfolio analysis when examining natural gas fired resource options (4f)</p>	<p>3. Subject to Commission approval of this recommendation and appropriate cost recovery, DPL will solicit input from existing CCGT owners concerning the availability, costs and flexibility of various contract lengths and quantities</p> <p>4. To the extent the analyses recommended under items 1-3 above are approved by the Commission, DPL will include evaluations of capacity costs and risks to the managed portfolio over the life of the asset or contract.</p> <p>5. DPL agrees to perform addition portfolio analysis of gas fired resource options in a collaborative manner with the PVG.</p>	<p>1. Due to the cost of conducting a power flow analysis and in order to prepare the most meaningful analysis for Delaware, Delmarva agrees to discuss, with Staff and DPA, a specific scenario(s) for further evaluation and inclusion in the next IRP.</p>
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	<p>of MAPP delay, Indian River 3 and/or 4 retirement and other critical reliability affecting uncertainties. (Recommendation 8a - pg. 50)</p>	<p>Delmarva notes that it has already completed a number of similar and related studies. For example, Delmarva continually works with PJM to evaluate the need for new transmission associated with the retirement of generation such as Indian River Unit 3 and Unit 4. At this time NRG, the owners of the Indian River power plant, have not indicated to either PJM or Delmarva Power that units number 3 and number 4 are expected to be retired. PJM has, however, completed some sensitivity analysis to determine the impact the retirement of these units would have. The results of the sensitivity analysis were presented at the October 15, 2008 Transmission Expansion Advisory Committee (TEAC) meeting. PJM's recommended solution to the reliability problems shown in this sensitivity analysis was the construction of the MAPP project. However, this sensitivity is only one of the benefits related to the MAPP project. If it becomes apparent that the portion of the MAPP project needed to address potential Indian River retirement impacts will be delayed, Delmarva Power will work with PJM to determine the best short term transmission system enhancements that would be required to meet reliability criteria until the MAPP project is placed in service. It must be noted that PJM has the authority to require the continued operation of generating units until necessary reliability enhancement to the system are in place. Delmarva Power prepared a preliminary analysis of the impact of the retirement of all Indian River generation and submitted that report to the DE PSC on May 3, 2007 in Dockets No. 07-20 and 06-241.</p> <p>2. DPL agrees to provide a five year estimate of the comparative effect of the IRP on SOS customer rates with an emphasis on RSCI customers. This information will be included in the next IRP.</p> <p>2. Provide a five year estimate (2010 – 2015) of the comparative effect of the IRP overall plans effect on electricity rates to SOS customers (9a)</p>
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		Division of the Public Advocate²¹	
Commission Acceptance	Conditional Acceptance <ul style="list-style-type: none"> • DPL must accept DPA and Staff recommendations in next submittal 	DPL agrees with many of DPA's and Staff's recommendations and, as approved by the Commission, will incorporate the recommendations into the next plan.	<ol style="list-style-type: none"> 1. DPL agrees to develop a demand and energy forecast in-house for use in the December 2010 IRP filing. DPL is willing to discuss how it proposes to develop the in-house forecast at an informal workshop.
Procurement Process/Managed Portfolio	<ol style="list-style-type: none"> 1. DPL should develop an in-house long-term energy and demand requirements forecast for its various customer classes annually. (2.1a) 2. DPL should develop full documentation of the forecast expressly noting all assumptions and key inputs and providing the forecasted outputs. (2.1b) 3. DPL should conduct a more detailed analysis of key factors impacting energy and demand. As part of its forecasting process DPL should consider economic factors other than employment for 	<ol style="list-style-type: none"> 1. DPL agrees to develop a demand and energy forecast in-house for use in the December 2010 IRP filing. DPL is willing to discuss how it proposes to develop the in-house forecast at an informal workshop. 2. DPL agrees to prepare additional documentation of the load and energy forecast for the next IRP. The Company recommends discussing the desired extent and level of documentation at an informal workshop. 3. DPL agrees to discuss these issues in detail prior to the next IRP through an informal workshop or working group. 	

²¹ References are to DPA's "Evaluation of Delmarva Power & Light Company Integrated Resource Plan," Section 2. Recommendations, pgs. 4-5

	<p>forecasting energy consumption. In addition, DPL should project trends in customer migration and support forecasted migration rates as part of the assumptions to the forecast (2.1c)</p> <p>4. DPL should test whether using different weather data for the southern portions of the state (perhaps using Dover or Georgetown data) would better predict load for that portion of its customers. (2.1d)</p> <p>5. DPL should not rely on PJM's RPM to encourage new generation resources. (2.2)</p> <p>6. A PWG should be established to consider benefits of long term PPAs. (4.2.3)</p>	<p>4. DPL has examined the effect of various weather data sets collected from Philadelphia Airport, Wilmington Airport, Salisbury MD Airport, and Wallops Island VA on the load forecast for its Delaware customers. The Company agrees to share the results of this examination at either an informal workshop or working group and obtain input prior to preparing the load and energy forecast for the next IRP.</p> <p>5. DPL is willing, as described above, to investigate specific generation resources. DPL must make it clear, however, that it is not entitled to simply ignore RPM. RPM is the FERC-approved method for the PJM ISO to obtain resources (demand reduction, energy efficiency and generation) in order to meet ISO reliability criteria. DPL supports a three-legged approach to maintaining local reliability that includes transmission, demand response, and generation. DPL has proposed specific transmission and demand reduction projects for Delaware.</p> <p>6. DPL agrees with the recommendation to establish a PWG, which, among other items, could continue evaluations of portfolio assets that address the costs, benefits and risks of longer term contracts.</p>	<p>1. DPL's study evaluated 481 energy efficiency measures using well-established screening methodologies and conservative</p>
Energy Efficiency(EE)/	<p>1. DPL should conduct a more thorough analysis of energy efficiency and demand</p>		

Demand Response (DR)	<p>response. (2.3)</p> <p>assumptions. DPA's evaluation of DPL's Third IRP Update incorrectly concluded that DPL did not evaluate a number of EE technologies, which were in fact considered, such as Energy Star lighting fixtures. As described above, the State of Delaware has enacted legislation creating the SEU and pursuant to both State law and order of the Commission, in future IRP filings, DPL will rely on the SEU to provide this analysis to avoid duplicative efforts. As also previously explained, DPL will continue to work with the SEU to make the SEU's programs and analyses effective and successful.</p>	<p>The Company has also identified several demand response opportunities that include: residential and small commercial customer direct load control programs, an internet portal to the PJM demand response market, and AMI enabled dynamic pricing rates. The Company will continue to monitor and identify additional demand response market opportunities.</p>	<p>2. Future IRP's should reflect impacts of SEU and state or federal legislation (5.2.2)</p>	<p>2. The State of Delaware has established the SEU to design and deliver comprehensive energy efficiency services to Delaware households and businesses. DPL has been working with the SEU to assist in their development of detailed EE programs and will continue to do so. In future IRP filings, DPL will rely on the SEU to provide its analysis of its predicted impact. Delmarva will also make the appropriate considerations based upon current and future federal and state legislation.</p>	<p>1. Supply options should be considered under several carbon tax scenarios as well as the impact of RGGI. (4.2.6)</p>	<p>1. DPL agrees to review different potential carbon regimes in the next IRP. The RGGI guidelines were already embedded in the analysis presented in the current IRP. Delmarva will continue to</p>
Renewables						

		consider RGGI's impact in future IRPs.
	Gas-fired Generation	<p>1. DPL should conduct detailed market studies of a CCGT and should identify potential sites for locating a gas-fired resource (including gas availability). (2.2)</p> <p>2. DPL should conduct a detailed review of a simple cycle CT (approx. 100 MW). (2.2)</p> <p>3. DPL should identify potential generation sites where internal sources could be located to meet or exceed the reliability and economic benefits of MAPP (2.2)</p> <p>4. DPL should show how generator interconnection costs are factored into evaluation of possible local generation assets. (2.4)</p> <p>1. DPL has addressed its willingness to conduct an analysis concerning Delaware-sited generation above in the section of this table that responds to Staff's Review.</p> <p>2. DPL has addressed its willingness to conduct an analysis concerning Delaware-sited generation above in the section of this table that responds to Staff's Review.</p> <p>3. DPL has addressed its willingness to conduct an analysis concerning Delaware-sited generation above in the section of this table that responds to Staff's Review. Delmarva agrees to work with Staff and DPA in developing a plan and scope for such a study. DPL supports a three-legged approach to maintaining local reliability that includes transmission, demand response, and generation. DPL has proposed specific transmission and demand reduction projects for Delaware, including a portion of the MAPP project, which improves regional reliability and access to various generation resources to the benefit of all customers.</p> <p>4. DPL included generator interconnection costs in the IRP and agrees to further describe how these costs may factor into an evaluation of local generation opportunities in the next IRP. The IRP considers new supply options as a source of meeting demand requirements going forward. The supply options are characterized zonally using (regional specific) all-in cost and performance factors. Options considered vary from base load, to mid-merit to peaking units. For each option, a zonal cost build up has been determined which includes transmission upgrade</p>

	<p>(network) and transmission interconnection (site related) cost adders. These cost are reflected in the all-in \$/kW cost of each new power plant option. For example, for a new combined cycle option, the transmission interconnection reflects roughly 3.4% of the total plant costs while the upgrades reflect roughly 3.1%. These costs reflect the typical adders one would expect for the technology type addition in a given area. They do not reflect site specific costs, which could vary due to permitting, EIS, and other costs related to the specific conditions at a given location. The IRP was intended to first identify whether options in the Delmarva area would be economic, and if so, then further investigation of specific sites could be recommended.</p> <p>5. The interconnection costs have been included as a cost component in the options considered for new builds.</p>	<p>1. See the above response to DE PSC Staff Recommendation 1 in “Other” (pg. 20 above).</p> <p>2. DPL agrees and will include these sections in the next IRP.</p>
	<p>5. If DPL has not considered interconnection costs, then DPL should show level of such costs that make local generation infeasible (2.4)</p>	<p>1. DPL should work with PJM to conduct a more rigorous power flow analysis of reliability w/o MAPP as well as the impact of no MAPP <u>and</u> the closing of IR unit #'s 1 & 2 (2.4)</p> <p>2. IRP should include a section delineating projected energy and demand requirements and how those requirements are proposed to be met with demand and</p>
Other		

	supply resources. (2.5)	3. DPL agrees and will format the next IRP accordingly.
Commission Acceptance	3. IRP should be structured to better present information flow and to make it easier to find specific IRP information. (2.5)	
DNREC ²²		<p>1. The Company's IRP complies with EURCSA and has been updated three times since 2006 to meet the changing needs of Delmarva's customers as the legislative, regulatory and renewable portfolio landscape has evolved. This issue was discussed in the initial written sections of these responsive comments.</p> <p>2. DPL included externalities in the IRP. Specifically, DPL included a societal benefits test including the effects of externalities (per the California Standard Practices Manual) in the IRP. DNREC has proposed additional externality analysis in Docket 60 (the IRP Rules Docket) and that such analysis be performed as part of the next IRP. This issue was discussed in the initial written sections of these responsive comments. As previously discussed, DPL agrees to include the Docket 60 specified externality analysis in the next IRP.</p>
Energy	1. DPL should continue to pursue	1. DPL has been and plans to continue to be actively engaged

²² References are to "Comments of the Department of Natural Resources and Environmental Control on Delmarva Power & Light Company's Integrated Resource Plan," page numbers as noted.

Efficiency(EE)/ Demand Response (DR)	<p>collaborative effort with SEU to analyze demand resource potential. (pg. 4)</p> <p>2. DPL should analyze DSM on a more dynamic basis by modeling demand resources in the same manner supply resources are modeled and compared in a portfolio analysis (pg. 4)</p>	<p>with the SEU in its efforts to develop and implement EE programs.</p> <p>2. DPL's 2006 IRP filing modeled DSM resources on a fully integrated basis. The Third IRP Update supplements the results of the 2006 filing by identifying the cost-effective commercially available technologies using current data, and estimates the demand and energy savings which would be available from these technologies. Since the development of the 2006 IRP filing, the SEU has been created and charged with the responsibility of designing and implementing EE programs in Delaware. The modeling for the Third IRP update recognized this new reality, and derived the estimated impacts from EE programs over the planning period by screening commercially available technologies using the California Total Resource Cost Test and the Societal Cost Test.</p>
Renewables	<p>1. For customer sited generation option – begin a collaborative effort with SEU to analyze procurement strategies (pg. 5)</p> <p>2. DPL should do a “much more thorough analysis of potential carbon prices” (pg. 5)</p>	<p>As addressed above and as required by both Delaware law and Commission order, the SEU has jurisdiction and the responsibility for EE/DSM within the State. For the 2010 IRP study, DPL will rely upon the SEU for EE/DSM analysis, but will work with the SEU to gather any additional available information necessary to be integrated into the resource planning effort.</p> <p>1. DPL agrees to work collaboratively with the SEU to analyze procurement strategies for customer-sited generation opportunities.</p> <p>2. DPL agrees to evaluate the potential effect of additional carbon regimes in the next IRP. In the current IRP the Company included the effects of RGGI and estimates of future carbon prices.</p>

Gas-fired Generation	1. DNREC is not in agreement with Staff Report finding that the optimal resource plan is to acquire natural gas-fired generation, but does not object to the recommendation for a more detailed analysis of “natural gas fired resource options and capacity price risks.” (pg. 6)	1. DPL has addressed its willingness to conduct an analysis concerning Delaware-sited generation above in the section of this table that responds to Staff’s Review.
	Jeremy Firestone²³	
Commission Acceptance	No specific recommendation made.	
Other	No specific recommendation made.	
	Conectiv Energy²⁴	
Procurement Process/Managed	1. Delmarva should not implement an actively managed portfolio until the Commission issues an Order, based upon a full and complete evidentiary record,	1. As Delmarva stated in its November 5, 2008 filing, the Company proposes a PWG tasked with establishing general working and implementation guidelines for managing the SOS RSCI portfolio. These guidelines should be established at least 12

²³ Jeremy Firestone makes no specific recommendations in his comments on the Company’s IRP filed May 13, 2009. The Company addresses various allegations made by Jeremy Firestone in Table 2 of this document.

²⁴ Conectiv Energy Supply Inc.’s Response to Staff’s April 2, 2009 Report, May 14, 2009

Portfolio	<p>that approves replacement of a specific portion (between 0% and 70%) of the SOS supply acquisition process approved in Docket No. 04-391.</p> <p>months prior to beginning procurement through the managed portfolio and should specify all relevant reporting and monitoring requirements. The Company is of the opinion that the appropriate way to deal with these issues is through a PWG and then to present the issues to the Commission for consideration. Staff's Report also discussed at length the importance of moving forward with a PWG. The issues raised by Conectiv Energy can also be discussed and evaluated through this process leading to recommendations to the Commission. The Company is filing a proposed portfolio plan with the Commission on or before August 1 that can be used as the foundation for more detailed discussions addressing the pros and cons through a PWG that the Company will initiate shortly. It is also envisioned that these discussions will include participants in the on-going Docket No. 04-391 SOS Performance Improvement Process (PIP) meetings as established in Docket No. 04-391 and approved in Commission Order No. 6746. If, after a proposed portfolio is presented to the Commission, Conectiv Energy disagrees with the proposed portfolio, it should then request the opportunity to create an evidentiary record.</p>
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Table 2 – DPL’s Reply to Staff and Intervener Allegations

<u>Issue</u>	<u>Reviewer/Allegation</u>	<u>DPL Response</u>
	<u>Commission Staff²⁵</u>	
Commission Acceptance	1. .plan is reasonable...however considerable detail remains to be fleshed out.... (pg. 23)	<p>1. DPL agrees with many of Staff's recommendations and, as approved by the Commission, will incorporate them into the next IRP. The next IRP will also be prepared under the guidance of the rules and regulations to be approved in Docket 60</p>
	1. Plan does not include a five-year forecast of supply rates – pg. 22	<p>1. Although the IRP included a five year forecast of overall supply rates, a five year forecast of supply rates by customer class was not presented. DPL agrees to discuss this with a PWG , if the Commission accepts Staff's recommendation, and prepare a five year forecast by customer class in the next IRP.</p> <p>2. Delmarva has yet to update its Budget and Planning Forecast of 2009. (pg. 12)</p>

²⁵ Page numbers refer to Staff Review of DPL IRP filed April 2, 2009.

Procurement Process/ Managed Portfolio	Board of Directors in January 2009.	<p>3. A lifetime energy savings is included in the documentation but on inspection it appears to be inconsistent with the path of annual energy savings provided and responses to discovery requests did not include the worksheet formulas that would have enabled more careful examination of lifetime savings computation. (pg. 20)</p> <p>4. Current consideration of a firm, 24/7 fixed block purchase that ignores contribution that wind resources make to energy requirements may not be the lowest costs means to meeting base load requirements. As part of this analysis, extent to which capacity credit is assigned to wind resources would need to be considered. (pg 32)</p>	<p>3. The analysis of Demand Side Management Options presented in Appendix B of the Third IRP Update shows the energy savings over the 2009 – 2018 planning period upon which the Third Update to the IRP is based. Comparison of the annual energy savings for EE programs shown in the documentation confirms that the calculated annual energy cost savings from the model are, in fact, accurately reflected in Appendix B of the November 3, 2008 IRP filing.</p> <p>4. By August 1, 2009, DPL will file a portfolio procurement plan. The plan base load block will be for a constant delivery quantity in all hours. Wind resources will be considered in the portfolio, appropriately supplemental to the fixed volume purchases. DPL could examine this issue with a PWG if the Commission accepts Staff's recommendation.</p>
Energy Efficiency (EE)/ Demand Response (DR)		<p>1. Levels of energy savings from EE programs are “significantly lower” than those of “leading states.” – pg 27</p>	<p>1. DPL’s Third IRP Update incorporates the effects of future EE programs by identifying the cost-effective commercially available technologies using current data and estimates the demand and energy savings which would be available from these technologies. In total, DPL’s study evaluated 481 energy efficiency measures using well-established screening methodologies and conservative assumptions. The State of Delaware has established the SEU to design</p>

	<p>and deliver comprehensive energy efficiency services to Delaware households and businesses. The EE modeling for the Third IRP Update shows the energy savings which could be expected to result in Delaware from implementing EE programs incorporating these cost-effective commercially available technologies. At the time the Third Update was prepared, the SEU had not yet finalized the EE programs which it will implement. DPL has been working with the SEU to develop detailed EE programs and will continue to assist the SEU in its efforts.</p>	<p>1. In preparing the IRP, an evaluation of all resource options was performed within the IPM® model. In the IPM® there were no restrictions on the maximum amount of wind or solar resources that the planning model could select but the model was constrained to select at least the amount of renewable resources specified by the RPS standards. Given that additional wind and solar were not selected by the model as cost effective options, and for additional reasons described thoroughly above, DPL did not evaluate additional wind and solar in the current portfolio. As previously stated, DPL agrees to perform and provide an economic analysis of additional wind and solar resources within the next IRP to be filed on or before December 2010.</p>
	<p>1. Plan does not consider wind or solar beyond RPS – pgs iii & 25</p> <p>Renewables</p>	<p>1. The analysis in the IRP relied upon ICF's estimates of capital costs for various generating technologies</p>
	<p>1. Capital cost assumptions for combined cycle plant are too high – pgs. 26/35</p>	

<p>Gas-Fired Generation</p> <p>2. A reduction of 20% from ICF's value (of CCGT costs) is reasonable. (pg. 36)</p>	<p>including CCGT. The capital costs for CCGT technology reflect GE 7FA equipment. A detailed discussion of ICF's costing assumptions was provided in response to Staff Question 6 from the 11/18/08 Data Request Conference.</p> <p>2. The costs of the CCGT used in the IRP are reasonable. (See response to (1) above). However, DPL can evaluate the sensitivity of the cost assumptions in the next IRP.</p> <p>3. DPL anticipates that the proposed rules and regulations currently pending in Docket 60 will provide guidance on how future IRPs are expected to treat externalities. Such an analysis, consistent with the new rules will be completed as part of the next IRP.</p>
	<p><u>DPA</u>²⁶</p>
<p>Commission Acceptance</p>	<p>1. Intent of IRP is for DPL to demonstrate that it is proactively taking necessary steps to ensure an adequate power supply that provides reliable power at the lowest reasonable cost. DPL IRP does not meet this objective. (pg. 10)</p> <p>1. DPL disagrees with this assessment. EURCSA requires DPL to consider both cost <i>and</i> price stability in preparing the IRP and this is shown in the portfolio analysis contained in the IRP.</p>

²⁶ Page numbers refer to DPA report on DPL IRP filed May 14, 2008.

Procurement Process/ Managed Portfolio	<p>1. Report lacks clarity in that there is no explicitly self-contained documentation that delineates energy and demand requirements and how those requirements are proposed to be met with demand/supply side resources. (pg. 2)</p> <p><u>DNREC²⁷</u></p> <p>1. IRP does not address self-generation as a resource option.</p> <p>Renewables</p>	<p>1. The delineation of supply and demand resources expected in the portfolio was presented in the chart on page 5 of the IRP. DPL agrees to discuss, with DPA and other parties, the best way to present this information in the next IRP.</p> <p>1. DPL has interpreted EURCSA's guidance regarding "self-generation" as pertaining to utility built generation while DNREC has interpreted self-generation as customer-sited generation. DPL agrees that customer-sited generation programs may provide benefits to customers. DPL notes, however, that Delaware has granted the SEU authority to implement and fund customer-sited generation. DPL will work collaboratively with the SEU to incorporate available SEU customer-sited generation program information into the next IRP.</p>
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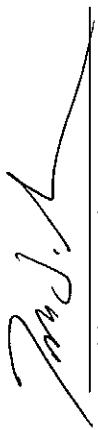
²⁷ Page numbers refer to DNREC's comments filed May 14, 2008.

	<u>Jeremy Firestone</u> ²⁸	
	<p>1. IRP fails to examine all additional available supply options – i.e. more wind purchases (pg. 1)</p> <p>Renewables</p>	<ol style="list-style-type: none"> 1. DPL agrees with Staff's recommendation to evaluate scenarios with additional wind resources in the next IRP. As more thoroughly described previously in these reply comments, the key aspects of the wind contracts approved in both the EURCSA and Wind-Only RFP processes were thoroughly and publicly vetted. Both the off-shore and land based wind contracts were approved by the Commission less than 2 months before the IRP was filed. Evaluation of additional wind resources at customer expense at that time would have been excessive and wasteful. 2. As previously described more thoroughly in these reply comments, DPL agrees to include an externality analysis in the next IRP as specified in the IRP Rules and regulations expected to be approved in Docket 60. DPL included a societal benefits test including the effects of externalities (per the California Standard Practices Manual) in the current IRP, as well as conforming the supply procurement plan to the requirements of the Delaware RPS standards. 3. IRP does not consider option to allow ratepayers to purchase “additional” offshore wind

²⁸ Page numbers refer to the comments of Jeremy Firestone filed May 13, 2008.

	(pg. 4)	Commission review, closer to the time that a reliable in-service date for the off-shore wind facilities is available.
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Respectfully Submitted,



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